

BAYOU GOULA VOLUNTEER FIRE & RESCUE SERVICES, INC.

White Castle, Louisiana

FINANCIAL REPORT

(Compiled)

September 30, 2014

BAYOU GOULA VOLUNTEER FIRE & RESCUE SERVICES, INC.

White Castle, Louisiana

TABLE OF CONTENTS

September 30, 2014

	<u>Exhibit</u>	<u>Page</u>
INDEPENDENT ACCOUNTANTS' COMPILATION REPORT		1
FINANCIAL STATEMENTS		
Statements of Financial Position	A	2
Statements of Activities	B	3
Statements of Cash Flows	C	4
Notes to Financial Statements	D	5
SUPPLEMENTARY INFORMATION	<u>Schedule</u>	
Schedule of Compensation, Benefits and Other Payments to Agency Head	1	10



INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Bayou Goula Volunteer Fire & Rescue Services, Inc.
White Castle, Louisiana

We have compiled the accompanying statements of financial position of the **BAYOU GOULA VOLUNTEER FIRE & RESCUE SERVICES, INC.** (a non-profit organization) (Department) as of September 30, 2014 and 2013, and the related statements of activities and cash flows for the years then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilations in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The supplementary information contained in Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and, accordingly, do not express an opinion or provide any assurance on such supplementary information.

Certified Public Accountants

Baton Rouge, Louisiana
February 20, 2015

BAYOU GOULA VOLUNTEER FIRE & RESCUE SERVICES, INC.

White Castle, Louisiana

STATEMENTS OF FINANCIAL POSITION

September 30, 2014 and 2013

(See Independent Accountants' Compilation Report)

ASSETS

	<u>2014</u>	<u>2013</u>
CURRENT ASSETS		
Cash	\$ 41,839	\$ 45,718
Certificates of deposit	15,823	14,484
Due from Iberville Parish Council	<u>10,190</u>	<u>10,294</u>
Total current assets	67,852	70,496
PROPERTY AND EQUIPMENT- net	<u>223,791</u>	<u>244,081</u>
Total assets	<u>\$ 291,643</u>	<u>\$ 314,577</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 3,573	\$ 1,593
Current portion of capital lease	<u>31,942</u>	<u>30,392</u>
Total current liabilities	35,515	31,985
CAPITAL LEASE - net of current portion	<u>105,937</u>	<u>137,880</u>
Total liabilities	141,452	169,865
NET ASSETS - unrestricted	<u>150,191</u>	<u>144,712</u>
Total liabilities and net assets	<u>\$ 291,643</u>	<u>\$ 314,577</u>

The accompanying notes to the financial statements
are an integral part of this statement.

BAYOU GOULA VOLUNTEER FIRE & RESCUE SERVICES, INC.

White Castle, Louisiana

STATEMENTS OF ACTIVITIES

For the years ended September 30, 2014 and 2013

(See Independent Accountants' Compilation Report)

	<u>2014</u>	<u>2013</u>
REVENUES AND SUPPORT		
Sales tax proceeds	\$ 144,057	\$ 119,411
In-kind	13,500	13,500
Contributed support	6,761	4,347
Interest	<u>258</u>	<u>456</u>
 Total revenues and support	 <u>164,576</u>	 <u>137,714</u>
 EXPENSES		
Depreciation	41,574	42,899
Training	22,414	14,940
Supplies	20,328	19,185
Compensation	16,761	24,347
Office	16,160	14,522
Maintenance	14,716	14,407
Rent	13,975	15,227
Interest	8,582	10,057
Professional fees	2,985	3,010
Contribution to White Castle Volunteer Fire Department	1,164	4,913
Other	<u>438</u>	<u>4,985</u>
 Total expenses	 <u>159,097</u>	 <u>168,492</u>
 Increase (decrease) in net assets	 5,479	 (30,778)
 NET ASSETS		
Beginning of year	<u>144,712</u>	<u>175,490</u>
 End of year	 <u>\$ 150,191</u>	 <u>\$ 144,712</u>

The accompanying notes to the financial statements
are an integral part of this statement.

BAYOU GOULA VOLUNTEER FIRE & RESCUE SERVICES, INC.

White Castle, Louisiana

STATEMENTS OF CASH FLOWS

For the years ended September 30, 2014 and 2013

(See Independent Accountants' Compilation Report)

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 5,479	\$ (30,778)
Adjustments to non-cash items:		
Depreciation	41,574	42,899
Change in operating assets and liabilities:		
Accounts payable	1,980	1,593
Due from Iberville Parish Council	104	1,687
Prepaid and other assets	-	133
	<u>49,137</u>	<u>15,534</u>
Net cash provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(21,284)	(29,392)
Investments in certificates of deposit	<u>(1,339)</u>	<u>(88)</u>
	<u>(22,623)</u>	<u>(29,480)</u>
Net cash used by investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease	<u>(30,393)</u>	<u>(28,918)</u>
	<u>(3,879)</u>	<u>(42,864)</u>
Net decrease in cash		
Beginning of year	<u>45,718</u>	<u>88,582</u>
End of year	<u>\$ 41,839</u>	<u>\$ 45,718</u>
SUPPLEMENTAL DATA:		
Interest paid	<u>\$ 8,582</u>	<u>\$ 10,057</u>

The accompanying notes to the financial statements
are an integral part of this statement.

BAYOU GOULA VOLUNTEER FIRE & RESCUE SERVICES, INC.
White Castle, Louisiana

NOTES TO FINANCIAL STATEMENTS

(See Independent Accountants' Compilation Report)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations

Bayou Goula Volunteer Fire & Rescue Services, Inc. (the Department), is a non-profit corporation that provides fire protection, emergency medical service, and hazardous materials handling to the citizens of south Iberville Parish that are outside of the Town of White Castle (the Town). The Department has entered into certain transactions, described below, with the Town to provide these services.

Basis of accounting

The Department maintains its financial statements and related records on the accrual basis of accounting wherein revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred, if measurable.

The Department reports information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Department does not have any temporarily or permanently restricted net assets at September 30, 2014 and 2013.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used primarily when accounting for depreciation and in-kind support in these financial statements.

Income Taxes

The Department is a not-for-profit organization that is exempt from income taxes under Section 501(c) (4) of the Internal Revenue Code and classified as other than a private foundation.

The Department follows the provisions of FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management believes it has no material uncertain tax positions and, accordingly, has not recognized a liability for any unrecognized tax benefits. The Department's open audit periods are 2011 through 2014.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

The Department is primarily funded by an allocation of dedicated parish-wide sales tax proceeds. Supplementary funding is provided by donations solicited from the general public, local businesses, and civic organizations, which is recognized when received.

Cash and cash equivalents

For purposes of the statement of cash flows, the Department considers cash in bank accounts as cash. Cash equivalents include investments with original maturities of three months or less. The Department has no cash equivalents at September 30, 2014 and 2013. The Department typically maintains cash at a local bank that may, at times, exceed the FDIC limits. Management believes the risk is limited.

Certificates of deposit

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), *Fair Value Measurements* (ASC 820), establishes a framework for measuring fair value which provides a fair value hierarchy that prioritizes the inputs (sources of pricing information) to valuation techniques used to measure fair value. The highest priority is given to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets that the Department has the ability to access.

Level 2 – Inputs including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs that are unobservable and significant to the fair value measurement.

Certificates of deposit are recorded at cost, which approximates fair market value using level 2 inputs.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value of financial instruments

The carrying value of cash, due from Iberville Parish Council, prepaid and other assets, and accounts payable approximates fair value due to the short-term maturity of these instruments. The carrying value of short and long-term debt approximates fair value based on the current rates offered for debt of comparable maturities and collateral requirements. Financial instruments are not held for trading purposes.

Property, equipment, and depreciation

Equipment is recorded at cost. Depreciation is computed using the straight-line method over the estimated service lives of the assets.

Subsequent events

In preparing the financial statements, the Department has evaluated events and transactions for potential recognition or disclosure through the date of the independent accountants' compilation report, which was the date that the financial statements were available to be issued

NOTE 2 - CERTIFICATES OF DEPOSIT

At September 30, 2014 and 2013, the Department held certificates of deposit (CD) with a market value and cost of \$15,823 and \$14,484 respectively. Interest earnings are reinvested into the CD, and, therefore, fair market value equals the cost of the investment.

NOTE 3 - PROPERTY AND EQUIPMENT

A summary of property, related estimated service lives, and accumulated depreciation at September 30, 2014 and 2013, is as follows:

Description	Estimated Service Lives	2014	2013
Leasehold improvements	15-30 years	\$ 76,284	\$ 58,470
Fire truck - pledged	10 years	299,493	299,493
Equipment	3-7 years	88,589	85,119
		464,366	443,082
Less accumulated depreciation		(240,575)	(199,001)
		<u>\$ 223,791</u>	<u>\$ 244,081</u>

NOTE 3 - PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation expense was \$41,574 and \$42,899 for the years ended September 30, 2014 and 2013, respectively.

A fire truck was purchased during 2009 for \$299,493, under a capital lease arrangement. Amortization of such equipment is included in depreciation expense. Accumulated amortization for such equipment was \$162,225 and \$132,275 at September 30, 2014 and 2013, respectively.

NOTE 4 - CAPITAL LEASE

A summary of the capital lease at September 30, 2014 and 2013 is as follows:

	<u>2014</u>	<u>2013</u>
Lease payable in annual installments of \$38,974 including interest at 5.1%, maturing in May 2018, secured by the fire truck	\$ 137,879	\$ 168,272
Less current maturities	<u>(31,942)</u>	<u>(30,392)</u>
Long-term maturities	<u>\$ 105,937</u>	<u>\$ 137,880</u>

The future maturities of the capital lease are as follows:

<u>September 30,</u>	<u>Amount</u>
2015	\$ 31,942
2016	33,571
2017	35,284
2018	<u>37,082</u>
Total	<u>\$ 137,879</u>

The future minimum lease payments, inclusive of interest expense, are \$155,897; the interest component is \$18,017 and annual payments are \$38,974 through 2018.

NOTE 5 - RELATED PARTY TRANSACTIONS

The Department receives allocated sales tax proceeds from the Iberville Parish Council (IPC) in exchange for providing fire protection to certain areas of Iberville Parish extending beyond the city limits of White Castle.

IPC contributed the use of facilities during the years ended September 30, 2014 and 2013 to the Department. The value of this contributed support has been recognized at the fair market value of the benefit received, which was approximately \$13,500 each year.

NOTE 5 - RELATED PARTY TRANSACTIONS (CONTINUED)

IPC and the Department entered into a capital lease arrangement during 2009 for the purchase of a fire truck whereby IPC collects taxes and pays the cost of insurance on the fire truck, and remits the remaining funds to the Department. The lease and the fire truck are recorded on the Department's financial statements.

The Town supports the Department financially since it provides a service that would otherwise be supplied by the Town. The Town expends support for the Department, primarily for salary supplements. The amount of such expenditures in 2014 and 2013 was \$6,761 and \$4,347, respectively, and is included in the financial statements.

The Department is a co-signer on a note payable with the White Castle Volunteer Fire Department, Inc. (WCVFD). The loan was obtained to finance the construction of a training facility that is utilized by both entities. The loan has been recorded in WCVFD's financial statements as all proceeds and construction disbursements are recorded by WCVFD. The Department has paid half of the monthly payments. These payments have been recorded in the financial statements as a contribution to WCVFD from the Department, and totaled \$1,164 and \$3,458 for the years ended September 30, 2014 and 2013, respectively. This note was retired in 2014.

During 2010, the Department co-signed on a second note payable with WCVFD. The loan was obtained to finance a vehicle that will be utilized by both entities. The loan has been recorded in WCVFD's financial statements. The Department has paid half of the monthly payments that have been recorded in the financial statements as a contribution to WCVFD from the Department that totaled \$1,455 for the year ended September 30, 2013. This loan was retired in 2013.

NOTE 6 - ECONOMIC DEPENDENCY

The Department derives a significant portion of its revenues from a dedicated parish-wide sales tax, the loss of which would have a material adverse effect. During the years ended September 30, 2014 and 2013, revenue derived from governmental sources (IPC) accounted for approximately 99% of total revenue and IPC owed the Department \$10,190 and \$10,294 as of September 30, 2014 and 2013, respectively.

BAYOU GOULA VOLUNTEER FIRE & RESCUE SERVICES, INC.

White Castle, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD**

September 30, 2014

(Without Audit)

Agency Head: John Marque, Jr.

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 0.00
Benefits - insurance	0.00
Benefits - retirement	0.00
Benefits - {list any other here}	0.00
Car allowance	0.00
Vehicle provided by government	0.00
Per diem	0.00
Reimbursements	0.00
Travel	0.00
Registration fees	0.00
Conference travel	0.00
Continuing professional education fees	0.00
Housing	0.00
Unvouchered expenses*	0.00
Special meals	0.00
	<u>\$ 0.00</u>